July 12, 2016

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Re: Written *Ex Parte* Communication, MB Docket Nos. 14-50, 09-182, 07-294

Dear Ms. Dortch:

Although the Commission determined more than a decade ago that the print newspaper rule no longer serves the public interest,[1] an FCC fact sheet reports that the broadcast ownership order circulating for vote would make no serious modifications to the rule.[2] In light of this, the National Association of Broadcasters (NAB) is filing for the record the attached information regarding the plight of print newspapers for the Commission's consideration.

To the extent that Commission's rationale for restricting print newspaper ownership relates to viewpoint diversity or independent "voices," NAB notes that a newspaper that has closed its doors can no longer provide a viewpoint or serve as a "voice." Retaining a rule that deters investment by broadcasters in the struggling print newspaper industry certainly cannot serve the public interest. Rather, the only result that can rationally be expected from the continued prohibition is to hasten the demise of print newspapers.

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[1] *See Prometheus Radio Project v. FCC*, Nos. 15-3863, 15-3864, 15-3865 & 15-3866, at 38 (3d Cir. May 25, 2016) (*Prometheus III*) ("[T]he 1975 [cross-ownership] ban remains in effect to this day even though the FCC determined more than a decade ago that it is no longer in the public interest. This has come at significant expense to parties that would be able, under some of the less restrictive options being considered by the Commission, to engage in profitable combinations.").

[2] FCC, *Fact Sheet: Updating Media Ownership Rules in the Public Interest* (rel. Jun. 27, 2016).

Respectfully submitted,

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Rick Kaplan
General Counsel and Executive Vice President
Legal and Regulatory Affairs

Attachment

Tampa just lost a daily newspaper; is this the continuation of an old trend or the start of a new one?

Buy a company, milk the cash flow, sell off assets, shut it down: It can be a profitable formula. Is this the end game for some metro newspapers?

By [Joshua Benton](#) [@jbenton](#) May 4, 2016, 2:09 p.m.

I rewatched *[Page One](#)* not long ago — the documentary, shot mostly in 2010, about The New York Times' media desk and the travails of the news industry more broadly. (Got the DVD? I'm a talking head in the deleted scenes!) It holds up well, but it's also a window into how much has changed in just six years. (Facebook barely gets a mention, for one.)

But one thing that stands out in the movie is the degree to which the 2009 closure of two newspapers — the Rocky Mountain News and the Seattle Post-Intelligencer — looms large. There were Senate hearings about it. There were fears that, with the economy collapsing, those two were the vanguard of a flood of closings. There were worries about one-newspaper towns becoming zero-newspaper towns:

> "In 2009 and 2010, all the two-newspaper markets will become one-newspaper markets, and you will start to see one-newspaper markets become no-newspaper markets," said Mike Simonton, a senior director at Fitch Ratings, who analyzes the industry.

Michael Wolff, being Michael Wolff, predicted in 2009 that "18 months from now, 80 percent of newspapers will be gone."

That didn't happen. It's a weird trick of the industry's structure that the collapse of print newspaper advertising hasn't led to the *closure* of newspapers; instead, it's led to an endless ritual of annual cutbacks — everybody getting smaller at 5 or 10 or 15 percent a year. We've seen consolidations, we've seen sales, and lord knows we've seen a lot of buyouts and layoffs. But we haven't seen the closure of major American newspapers.

Until yesterday, that is, when The Tampa Bay (née St. Petersburg) Times announced it was buying and shutting down its cross-bay rival The Tampa Tribune. The Tribune was, in a lot of ways, roughly comparable to the Rocky and the P-I; all three were the second paper in their markets, and their 2009 daily circulation levels weren't too far apart (Rocky 210,000, Tampa 152,000, Seattle 114,000).

And yet the reaction to yesterday's news was…muted. The New York Times ran a wire story on B6. The Washington Post ran the same story online and doesn't appear to have run anything in print. The Wall Street Journal had a staff story that I don't think reached print either.

Now, I'm not saying that closure of a Florida newspaper should be front-page news everywhere. (There are fewer business reporters than there used to be, after all!) But The New York Times alone wrote more than a dozen stories off the Rocky and P-I closing in 2009. And I suspect we won't be having Senate hearings about the Tribune's closure.

So why doesn't America seem to care as much about a metro newspaper closing this time?

There are a few obvious reasons. We're inured to bad news about the newspaper business at this point, a decade into print advertising's decline. It's a yawner, old news. The Rocky and P-I also closed in the first quarter of 2009, when the financial crisis was near its bottom and eternal verities about the economy and the nation seemed suddenly liquid. Everything seemed up for grabs.

And, with a little more hindsight, the closure of the Rocky and P-I was clearly a continuation of an old trend rather than the start of a new one. Two-newspaper towns had been becoming one-newspaper towns for decades in 2009. (My first internship in journalism was supposed to be at The Houston Post in the summer of 1995 — until the paper shut down for good in April.) Joint operating agreements kept some second papers on life support for a while, but metro newspaper closures were, ironically, more common in the 1960s, 1970s, 1980s, and 1990s than in the 2000s or 2010s. Seattle and Denver *having* two newspapers in 2009 was the outlier, not their reduction to one. It's easy to see The Tampa Tribune's closure in the same light; the city still has The Tampa Bay Times, after all, which is as strong journalistically as any regional paper, despite its business difficulties.

So, on net, the muted reaction to the Tribune is probably appropriate, and the closure panic around the Rocky and P-I was probably overstated.

But for me, the big question for the next couple of years is *when*, exactly, that closure panic will become justified. When will metro newspapers reach the tipping point where, rather than shrink another 5 percent next year, ownership will throw up its hands and say shut it down?

I don't think it's alarmist to note that print advertising will keep shrinking and shrinking and shrinking, year after year after year. Print circulation will continue to drop, if only through the natural process called reader death. Digital advertising is shrinking even at great newspapers; The New York Times just reported a 1 percent decline year over year. You can talk about branded content and events and digital marketing services and all the other great new ways you're trying to make money — but the reality is, for the vast majority of metro newspapers, none of it is stopping the revenue pie from shrinking a little more each year.

The papers with strong local owners are probably safe from closure (though not further shrinkage) for a good number of years. The papers owned by chains still have a few moves to make; we'll probably see more clustering like what Digital First has done in northern California, turning six dailies into two; more nationalization of content like what Gannett is doing with USA Today in its local papers; and more papers experimenting with cutting print and home delivery days, as Advance has. But eventually those moves will run out too. And the papers owned by faceless private equity firms? How much more time do they have?

That's one sense in which the Tampa experience could be telling. The Tribune was owned by just such a firm, Revolution Capital, which neatly played out the private equity playbook. It bought the Tribune in 2012 for a mere \$9.5 million — as Ken Doctor pointed out at the time, cheaper than some beachfront houses in the area. It gutted the cost structure — going from 618 employees in 2012 to 265 this week. Revolution then identified a core Tribune asset — the land underneath its offices — and sold it off to condo developers for \$17.75 million — a nifty profit. Then, seeing an unending series of revenue declines ahead, it got whatever it could for the core product and signed the paper's death warrant.

It's that *formula* that's different in this case. The Rocky and the P-I were both owned by real newspaper companies, Scripps and Hearst. Revolution Capital and its peers don't see newspapers as any different from widget manufacturers. Their formula — *buy undervalued company, milk cash flow, sell off valuable assets, shut* *down the rest* — can work just as well in any industry. And once you strip out any sense of civic responsibility, the formula works just as well at a city's last newspaper standing as it does for the one stuck in second place.

I don't know when we'll start to see layoffs and budget cuts turn into outright closures. Not tomorrow, probably not this year, maybe not next year. But it'll happen, and when it does, your local daily's ownership will matter, a lot. So yes, in one sense, the closing in Tampa is an extension of a decades-old trend. But in another, it's an early sign of what the financialization of the newspaper industry could bring to lots of cities around the country.

Photo of Tampa Tribune truck by Josh Hallett used under a Creative Commons license.